

EXHIBIT 1

AGENDA
SPECIAL FINANCE COMMITTEE
Village of Hoffman Estates
March 4, 2019

7:00 p.m. – Board Room

Members: Gary Pilafas, Chairperson Anna Newell, Vice Chairperson Michael Gaeta, Trustee	Karen Mills, Trustee Gary Stanton, Trustee Karen Arnet, Trustee William McLeod, Mayor
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I. Roll Call

OLD BUSINESS

1. Request approval of Village Hall meeting rooms rental policy.

NEW BUSINESS

1. Request authorization to remit \$9,661,977.33 as the developer allocation for tax levy year 2017 within the EDA Special Tax Allocation Fund, conditioned upon the Village's prior receipt of an order entered by the bankruptcy court granting the turnover motion.

III. President's Report

IV. Other

V. Items in Review

VI. Adjournment

Further details and information can be found in the agenda packet attached hereto and incorporated herein and can also be viewed online at www.hoffmanestates.org and/or in person in the Village Clerk's office.

The Village of Hoffman Estates complies with the Americans with Disabilities Act (ADA). For accessibility assistance, call the ADA Coordinator at 847/882-9100.

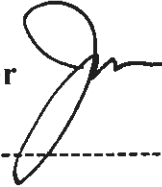
COMMITTEE AGENDA ITEM VILLAGE OF HOFFMAN ESTATES

SUBJECT: Use of Village Hall Meeting Rooms

MEETING DATE: March 4, 2019

COMMITTEE: Special Finance Committee

FROM: James H. Norris, Village Manager



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- I. PURPOSE:** Discussion regarding use of Village Hall meeting rooms.
- II. BACKGROUND:** At the Finance Committee meeting on February 25, 2019, the Committee discussed the current Meeting Room Rental Policy and raised some additional issues such as cancellation fee and clarification of hireback, as well as suggestions for rates/deposits.
- III. DISCUSSION:** Attached is an updated Policy addressing these issues.
- IV. RECOMMENDATION:** Staff recommends approval of the Meeting Room Rental Policy and fees.

**VILLAGE HALL
BUILDING UTILIZATION CONTRACT
VILLAGE OF HOFFMAN ESTATES**

Building: _____
Date(s) of Use: _____
Group: _____
Purpose for Building Use: _____

I, the undersigned, hereby certify that I am the sponsor or appointed representative of the organization requesting use of the building. I hereby expressly agree individually and on behalf of said organization to indemnify and forever hold harmless the Village of Hoffman Estates, its officers, and employees, individually and collectively, as to any claim or claims which might arise out of the use of the Village facilities as herein provided. In addition, I will comply with the following:

Types of Meetings, Rental & Hireback Charges: Priority for the use of the meeting rooms will be given in the following order:

1. Village-sponsored meetings or programs - **\$0.00**
2. Other governmental units or officeholders (non-fundraising purposes only) - **\$0.00**
3. Local not-for-profit organizations and homeowner associations (local agencies, civic groups located in the Village of Hoffman Estates) as determined by the Secretary of State. (Must provide documentation of 501-(C)-(3) of "Not for Profit Status Organization" from the State of Illinois.) — as follows: \$25.00 per hour plus any required hireback charge necessary during non-business Village hours.
 - a) Small Meetings (Under 10 people): Free
 - b) Meetings over 10 but under 20 people (No food): \$50 fee + \$75 deposit
 - c) Meetings/Events over 20 people (No food): \$100 fee + \$200 deposit
 - d) Meetings/Events over 20 people (With food): \$250 fee + \$500 deposit
4. For-profit or private groups ~~or businesses~~ — Not allowed. \$50.00 per hour room rental charge plus any required hireback charge necessary during non-business Village hours.
5. Hireback Fee - \$75 per hour and is charged in addition to rental fee for non-Village business hours only. Additional fees will be incurred if meetings run over requested time.

All fees and deposits must be paid at time of approved reservation. If reservation is cancelled with less than one (1) weeks' notice, the deposit only will be refunded. The fee is non-refundable.

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Types of Facilities: The Village has the following facilities available for groups at Village Hall:

1. Regan Conference Room: This Conference Room contains a large oval table with 10-12 chairs.
2. Frank Alexa Training Room: Capacity - 70 people with tables and chairs; 150 without tables and chairs.
3. Sylvia Lam Training Room: Capacity – 70 people with tables and chairs; 150 without tables and chairs.
4. Ed and Mary Hennessy Room: Capacity – 173 people with tables and chairs; 370 without tables and chairs.
5. Fire Station 24 Training Room: Capacity - 80 people with tables and chairs – only available to homeowner association groups.

Criteria for Use:

1. Regularly scheduled, repeated meetings shall be discouraged.
2. Village business hours*
*Special permission must be obtained for non-Village business hours and an hourly custodial fee charged (~~2 hour minimum~~ \$75.00/hour). Additional fees will be incurred if meetings run over requested time rounded up in increments of 30 minutes. *(For example, 15 minutes over, the charge will be 30 minutes; 35 minutes over the charge will be an hour.)*

Rules/Regulations:

1. Reservations for the use of meeting rooms must be made at least seven (7) days prior to meeting date.
2. Only the area of the Village Hall for which this request has been made shall be used. Permission must be granted to use any other space.
3. Proper care will be given to the building and contents therein. Renter assumes financial responsibility individually and on behalf of said organization for that part of the Village, or contents utilized therein, that might be damaged or stolen. Any damage or theft must be reported to Village personnel as soon as possible. If the damage or stolen items' value equals more than the deposit, the renter shall be billed and deposit kept until paid.
4. I understand that permission to serve food is required and the Village does not provide any food or beverages.
5. I agree individually and on behalf of my organization to meet any financial obligations for building rental and/or custodial services that might be required by the Village.
6. To utilize any of the Village facilities, the Village may require a Certificate of Insurance naming the Village of Hoffman Estates as an additional insured to be primary and non-contributing in the following amounts:
 - a. Bodily Injury Liability of \$100,000/\$300,000 each occurrence, with an aggregate of \$1,000,000.

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- b. Property Damage Liability of \$250,000 each occurrence with an aggregate of \$250,000.
 - c. Bodily Injury and Property Damage Liability combined of \$1,000,000 each occurrence and \$1,000,000 aggregate.
- 7. An adult will be present for all activities involving youth. The adult in charge of the activity will be present during the entire rental period. This person will be responsible for the proper use of the facilities and the proper conduct of those in attendance.
 - 8. No items shall be attached to Village property or any modifications made to building structure, equipment or grounds.
 - 9. The renter and/or organization will comply with fire codes, life safety codes and all other applicable, local, state and federal codes.
 - 10. Per the Village of Hoffman Estates' Municipal Code, alcohol and smoking are ~~restricted~~ not allowed. For Village functions, alcohol is allowed with special liquor license only.
 - 11. I realize the Village Manager can revoke the privilege of using the building should it deem necessary to do so for any violation of these Rules and Regulations.
 - 12. I realize any Village-sponsored activity will take precedence over any outside scheduled activity.
 - 13. I understand that at times and for certain activities, the Village of Hoffman Estates may require additional adult supervision or police for security or any other purpose. All additional expenses are the responsibility of the renter.
 - 14. No meetings shall be political in nature, or be subversive to the U.S. Government, or immoral, or discriminate against any race, color or creed.
 - 15. The distribution of any literature or materials, such as signs or flyers, must have prior approval from the Village Manager's office.
 - ~~16. Consideration will be given to groups or individuals who reside or are located in the Village boundaries.~~

IF RESERVATION IS CANCELLED, WE REQUEST ONE WEEK ADVANCE NOTICE!

Authorized Signature of Organization Representative

Date: _____

Address

City, State, Zip

Telephone

INDEMNITY HOLD HARMLESS AGREEMENT

In consideration for its use of the Village of Hoffman Estates' Meeting Room(s) and payment therefor, to the fullest extent permitted by law, _____, hereafter referred to as the Lessee, hereby agrees to defend, indemnify and hold harmless the Village of Hoffman Estates, hereafter referred to as the Lessor, against all injuries, deaths, loss, damages, claims, suits, liabilities, judgments and costs and expenses, which may in any way accrue against the Lessor, its officials, agents, employees and volunteers, arising in whole or in part or in consequent to the use of the Village Hall, by the Lessee, its employees, or guests, or which may in any way result therefore, except that arising out of the sole legal cause of the Lessor. The Lessee shall, at its own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefore or incurred in connection therewith, and, if any judgment shall be rendered against the Lessor, in any such action, the Lessee shall, at its own expense, satisfy and discharge same. This Agreement does not waive the protections of either party under the Worker's Compensation Act or any immunity or defense provided by the statutes of the State of Illinois.

**Signed: _____
Authorized Representative of Lessee**

Date: _____

**Signed: _____
Village of Hoffman Estates**

Date: _____

**VILLAGE OF HOFFMAN ESTATES
APPLICATION FOR USE OF VILLAGE HALL
1900 Hassell Road, Hoffman Estates, IL 60169**

ORGANIZATION (Group): _____

Please describe your organization and its purpose: _____

RESPONSIBLE PERSON: _____

ADDRESS: _____

TELEPHONE NO. Home _____ Work _____ Cell _____

E-MAIL: _____

ROOM REQUESTED: _____

DATE REQUESTED: _____ **Start/End Time:** _____

DESCRIPTION OF PLANS FOR MEETING ROOM: _____

Number of members/guests anticipated: _____

Percentage of members/guests who are Hoffman Estates residents: _____

If event is to be catered, provide name and address of caterer and current Certificate of Insurance: _____

Will anyone using the facility be under 18 years of age? Yes _____ **No** _____

If yes, how many: _____

List of names, addresses and telephone numbers of adult supervisors/leaders if this is a group of persons under 18 years of age (please print).

NAME	ADDRESS	TELEPHONE
_____	_____	_____
_____	_____	_____

I have read and signed the Building Utilization Contract, which is attached hereto.

Signature of person responsible

Title/Position

(Date)

IF RESERVATION IS CANCELLED, WE REQUEST ONE WEEK ADVANCE NOTICE!

**COMMITTEE AGENDA ITEM
VILLAGE OF HOFFMAN ESTATES**

SUBJECT: TLY2017 EDA Distribution Declaration
MEETING DATE: March 4, 2019
COMMITTEE: Finance Committee
FROM: Rachel Musiala, Director of Finance
Patti Cross, Assistant Corporation Counsel

PURPOSE: To declare the developer increment allocation within the Economic Development Area Special Tax Allocation Fund, and direct the Treasurer to remit said funds conditioned upon an order being entered by the United States Bankruptcy Court for the Southern District of New York in which the Sears bankruptcy Case No. 18-23538 is now pending.

BACKGROUND Effective June, 2012, the Illinois Legislature extended the Economic Development Area (EDA) for an additional 15 years by passing PA097-0636. This new legislation established a new formula for distributing the incremental property taxes received for the EDA. The legislation states that the first \$350,000 received will be deposited by the Village into an escrow account to be used solely for expenses related to reporting requirements of the legislation (including the audit) and for legal expenses incurred in defense of any civil action brought against the Village related to the economic development agreement. It then states the next \$5,000,000 of incremental tax received will be allocated to the Village. Both of these disbursements happened earlier in FY2018.

The legislation goes on to state that after these allocations are completed, 55% of the remaining receipts will be allocated to the developer to pay down outstanding EDA notes and obligations, and 45% will be allocated to the taxing districts, excluding the Village of Hoffman Estates.

However, on October 10, 2018, School District 300, one of the EDA's taxing districts, filed suit in the Circuit Court of Cook County against Sears as the EDA's "developer" and the Village complaining that during the calendar 2017 Sears did not maintain the 4,250 employees required by the EDA and were no longer entitled to the developer's 55% share. Eight days later Sears and its affiliates filed for bankruptcy protection in the United States Bankruptcy Court in the Southern District of New York, staying the Cook County case pending the resolution of Sears' bankruptcy petition and thus delaying the Village's distribution of the EDA increment in the normal course.

It was not until Sears, the School District and the Village entered into a stipulation permitting the distribution of the 45% increment that the bankruptcy court on January 11, 2019 then entered its order permitting the Village to distribute the respective increment payments to the taxing districts, including District 300. That action was approved by this Board on January 21, 2019.

The Village is also now in the process of distributing to the taxing districts the balance of the funds (\$234,139.93) remaining from the annual \$350,000 expense allocation, having calculated the total incurred relating to reporting requirements of the legislation (including the audit) and legal expenses incurred in defense of any civil action brought against the Village related to the economic development agreement, which also includes \$38,000 for an audit of the Sears' properties for purposes of challenging its prior pending property tax appeals, an expense shared with District 300. It is expected that those payments will be made within the next week.

DISCUSSION

Even more recently, the creditors of Sears have this week filed a petition with the bankruptcy court seeking an order directing the Village to turnover to them the 55% increment which PA097-0636 requires to be paid to the developer or any of its successor entities and its subsidiaries (now estimated to be \$9,661,977.33). We do expect this motion will be argued before the bankruptcy court on March 21, 2019 and that District 300 will vigorously oppose the requested turnover, arguing that Sears did not maintain the required 4,250 full-time equivalent jobs within the economic development project area for the fiscal year. The Village, however, has previously received confirmation from Sears Holdings that, in fact, there were 4,250 or more jobs at the Sears campus for all of TLY2017 (attached).

The FY2018 allocation calculation, which is related to tax levy year 2017 and is the fourth year under the new legislation, is summarized below and detailed out on the attached schedule. It should be noted that this year's incremental taxes received did not exceed the base amount, so no additional distribution will be coming to the Village.

	Base Distribution
TLY2013 Base Incremental Taxes	\$25,765,709.03
Incremental Taxes TLY2017	\$23,889,620.13
Interest Income	\$219,766.92
Less Legal & Reporting Expenses	(\$350,000.00)
Less Distribution to Village	(\$5,000,000.00)
Less Refunds, Appeals & Non-payments	(\$1,192,155.55)
Total Distribution	\$17,567,231.50
55% to Developer (EDA obligations)	\$9,661,977.33
45% to Taxing Districts (exclude. VOHE)	\$7,905,254.17

RECOMMENDATION Request authorization to remit \$9,661,977.33 as the developer allocation for tax levy year 2017 within the EDA Special Tax Allocation Fund, conditioned upon the Village's prior receipt of an order entered by the bankruptcy court granting the turnover motion.

SEARS HOLDINGS

Jonathan Bredemeier
Sr. Director, Real Estate and Corporate
Services

Sears Holdings Management Corporation
3333 Beverly Road BC-154A
Hoffman Estates, IL 60179
(847) 286-8358
Fax (847) 286-3470
Email Jon.Bredemeier@searshc.com

November 27, 2017

James H. Norris
Village Manager
Village of Hoffman Estates
1900 Hassell Road
Hoffman Estates, IL 60169

Re: EDA Distribution

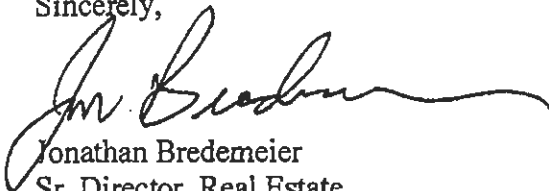
Dear Mr. Norris:

Thank you for your letter dated November 7, 2017 regarding the EDA distribution for 2017. Please be advised that, pursuant to Public Act 097-0636, as of the date of this letter, over 4250 jobs exist at the Sears Holdings' campus in Hoffman Estates. Please be further advised that at no time in 2017 did the number of jobs dip below the requisite 4250 jobs.

Sears Holdings appreciates the ongoing relationship we enjoy with the Village of Hoffman Estates and the surrounding community. As one of the State's largest employers and taxpayers, we are proud of the positive impact we have had on the area for more than two decades: hundreds of millions in infrastructure development dollars have been invested plus thousands of direct jobs (thousands more ancillary jobs) have been created and maintained.

Should you have any further questions, please do not hesitate to ask.

Sincerely,



Jonathan Bredemeier
Sr. Director, Real Estate
and Corporate Services

cc: Jason Pollak, Assistant General Counsel
Arthur Janura, Corporation Counsel

SEARS HOLDINGS

Stephen L. Sitley
General Counsel and Chief Compliance Officer
Sears Holdings Management Corporation
3333 Beverly Road - B6-210B
Hoffman Estates, IL 60179
Phone - 847-286-4502
Fax - 847-747-1425
Email - Stephen.Sitley@searshc.com

January 2, 2019

Mr. James H. Norris
Village Manager
Village of Hoffman Estates
1900 Hassell Road
Hoffman Estates, IL 60169

Re: EDA Allocation and Distribution of 2017 Tax

Dear Mr. Norris:

Thank you for your November 14, 2018 letter regarding the upcoming 2018 EDA distribution of 2017 taxes. Please be advised that, pursuant to Public Act 097-0636 (the "Act"), Sears Holdings Corporation, the developer, was in compliance with the jobs requirement of the Act for the entire 2017 calendar year based on our records. At no time during calendar year 2017 were the number of jobs fewer than 4,250 jobs.

Sears Holdings Corporation appreciates the ongoing relationship we enjoy with the Village of Hoffman Estates and the surrounding community. As one of the State's largest employers and taxpayers, we are proud of the positive impact we have had on the area for more than two decades: hundreds of millions in infrastructure development dollars have been invested plus thousands of direct jobs (thousands more ancillary jobs) have been created and maintained.

Should you have any further questions, please do not hesitate to ask.

Sincerely,



Stephen L. Sitley